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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Federal Communications Commission
Office of Secretary

In the Matter of

)

)

CC Docket No. 92-77

Billed Party Preference for

)

InterLATA 0+ Calls

)

COMMENTS OF PEOPLES TELEPHONE COMPANY, INC.

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November 13, 1996

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PREFACE

4. Some commenters have claimed that price disclosure requirements prior to call completion would create an unacceptable delay to consumers. Are there any studies that substantiate or dispute this contention and are those studies available? Are there any studies available that provide indications of consumers satisfaction or dissatisfaction with 0+ services provided in this fashion?

Peoples opposes the universal application of mandatory price disclosure announcements. We believe them to be unnecessary in light of (1) Peoples' current use of dominant carrier rates levels for the provision of intraLATA/local operator services; (2) the increased use of dial-around calling methodologies; and (3) the capabilities that consumers already have from Peoples' payphones to request on-demand call rating. If the Commission insists on mandatory price disclosures, it should only be for prices above a reasonable benchmark.

7. What effects, if any, will the recent Report and Order in In the Matter of Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket Nos. 96-128, 91-35, FCC 96-388 (released September 20, 1996) have on this proceeding?

The Commission should not rush to impose rate benchmarks of any kind until the Commission's payphone compensation plan has been implemented. And, if the Commission imposes benchmark rate ceilings on 0+ calls from inmate payphones, these benchmarks should include an element for PSPs to recover the costs of their payphone equipment.

**Before the
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InterLATA 0+ Calls)	

COMMENTS OF PEOPLES TELEPHONE COMPANY, INC.

Peoples Telephone Company, Inc. submits these Comments in response to the Commission's request for further comments on specific issues in the Commission's Second Further Notice of Proposed Rulemaking ("*Notice*") in the above-captioned proceeding. In addition to endorsing the comments of the American Public Communications Council, Peoples proffers these comments to assist the Commission in fulfilling its mandate under the Telecommunications Act of 1996 to establish a comprehensive national regulatory structure for public payphone telephone services and, in particular, to foster the efficient provision of operator services from payphones at rates that reflect consumer expectations.

Discussion

4. Some commenters have claimed that price disclosure requirements prior to call completion would create an unacceptable delay to consumers. Are there any studies that substantiate or dispute this contention and are those studies available? Are there any studies available that provide indications of consumers satisfaction or dissatisfaction with 0+ services provided in this fashion?¹

Universal application of mandatory price disclosure requirements prior to call completion for 0+ calls are unnecessary in light of the significant amount of price disclosure

¹ Peoples intends that its response to question 4 also be used to address the concerns raised in question 2.

Peoples and other PSPs already provide to the calling public.² First, Peoples believes that success in the payphone industry is governed by the strong relationships built with premises owners. Although Peoples has no formal studies, it has determined in its marketing efforts that location owners seek to reduce the number of complaints from the payphone equipment on their premises, and view payphones primarily as an ancillary, "value-added" feature of their primary business. As a result, Peoples has taken significant steps to provide a top-quality product and service that enhances these fundamental relationships with customers.

For example, as the Commission is well aware, in the first half of 1995, Peoples contracted with AT&T to utilize AT&T as the key national interLATA operator services provider for all of the Company's payphones. Peoples has also contracted with various of the major LECs for the provision of intraLATA/local operator services at "dominant carrier" rate levels under this same pricing strategy. As a result, Peoples has significantly reduced its interstate and intrastate non-coin revenue streams -- along with providing a significant rate reduction to consumers on 0+ calls made from Peoples' payphones. Given this context, Peoples believes that requiring universal rate disclosure will penalize the service quality of the good actors in the industry who already are charging rates that are in line with consumer expectations.

In addition, Peoples uses predominantly Feature Group D (10XXX access), not Feature Group A or B (950 or 1-800 access), to connect our payphones to the network. Feature Group D enables Peoples' payphones to connect quickly into the carrier's network through the use of one dial string, whereas the Feature Groups A and B access both require multiple dial

² For example, for local coin calls, the local rate is already posted on Peoples' payphone and for non-local coin calls, Peoples provides callers with an automated recording instructing the caller to place a certain amount of money into the coin-box to complete the call, and thereby giving full price disclosure.

strings that cause delay in connecting the call. As a result, consumers using a Peoples payphone can expect minimal delay in connecting the call. Any requirement for mandatory price disclosure of prices that already are in line with consumer expectations, prior to connecting these calls, will only cause greater distress for the consumer that expects a payphone call to be connected quickly without any unnecessary delay.

Second, the pure rise in the number of dial-around calls over the last several years demonstrates the fact that mandatory universal price disclosure requirements are unnecessary. As Peoples demonstrated in its comments in the Payphone Compensation proceeding, the number of 800 subscriber and access code calls now average over 19 percent of the call volume from a typical Peoples' payphone.³ The rise in these calls has come at the expense of 0+ calling, which now only averages less than five percent of the calls made from a typical Peoples' payphone.⁴ As a result, the problem that the Commission is attempting to address is not as serious as may once have been suspected.

Third, as a practical matter, consumers already have the tools on the payphone itself to determine, on-demand, the rates charged from Peoples' payphones. The instructions on the attached sample rate cards demonstrate that consumers have access to rate information today. Once a consumer dials 0+ the number, the consumer can, after the bong tone, press 0, and a live operator will come on the line so that the consumer may ask the rate charged for the call that was dialed. Alternatively, the caller can dial "00" and receive a rate quote from the interstate carrier. Also on the rate card itself is the name, address and phone number of the OSP and the instructions

³ See Comments of Peoples Telephone Company, Inc., CC Docket No. 92-128 (filed July 1, 1996) at 9-10.

⁴ *Id.*

on how to contact the OSP to determine the rates charged for a particular call. Thus, for consumers that desire to know the prices they will be charged for 0+ calls, Peoples' payphones already provide that capability. This is the most efficient manner for consumers that want to know the rates to get them without burdening those consumers that already know the rate information or do not care to know it.⁵

7. What effects, if any, will the recent Report and Order in In the Matter of Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket Nos. 96-128, 91-35, FCC 96-388 (released September 20, 1996) have on this proceeding?

The Report and Order, and the subsequent Order on Reconsideration, FCC 96-439 (released November 8, 1996), is a monumental step towards a market-driven approach to "regulating" the payphone industry. Peoples commends the Commission for balancing the many competing interests of the parties, and for so effectively implementing Congress' policy of increasing competition in all aspects of the public telecommunications market. It is with this competitive and public interest foundation in mind that Peoples suggests that the Commission consideration the following two issues in this proceeding.

First, the Commission should not feel compelled to impose rate benchmarks of any kind, until at least the first-phase of the Commission's compensation transition plan has been implemented. In its earlier comments in this proceeding, Peoples has highlighted the causal link between certain PSPs' excessive operator service rates, which are the subject of this proceeding, and the need for a rational and predictable compensation plan to compensate fairly PSPs for calls

⁵ If the Commission insists on mandatory price disclosures for 0+ calls, such disclosures should only be required for prices that are above the benchmark rates suggested by the Industry Coalition and supported by the APCC, Peoples and others. See Reply Comments of Peoples Telephone Company, Inc., CC Docket No. 92-77 (filed August 16, 1996) at 10-11. Moreover, price disclosures, if required, must be applicable to both 0+ and access code calls so as not to unfairly discriminate against "0+" calling.

originating from their payphones.⁶ Other parties on the record, recognizing this fundamental causal link, noted that the issues of fair compensation and high rates for operator services are “intrinsically tied to each other,”⁷ and pointed out that “[i]f intrastate dial around and subscriber 800 compensation had been awarded by the Commission, it would have substantially reduced the pressure upon non-LEC payphone providers to charge higher rates.”⁸ Accordingly, the Commission should now implement its compensation plan and give the plan time to work before imposing a remedy that may no longer be necessary.

Second, if the Commission imposes benchmark rate ceilings on 0+ calls made from inmate payphones, the benchmark should include an element for PSPs to recover the costs of their inmate payphone equipment. As the Inmate Coalition demonstrated in its comments in this proceeding, it is more expensive for PSPs to provide the integrated package of services and equipment necessary for inmate calling than for general payphone service.⁹ In light of this, the Commission should include in any rate ceiling for inmate calls a per call compensation element that is similar to what the Commission has accepted from AT&T, MCI and Sprint in their tariffs for operator services provided to inmates. In each case, these three tariffs contained an operator surcharge for inmate calls of \$.90, reflecting the higher costs associated with inmate calling. To not provide the same cost recovery to inmate service providers in the context of a rate “benchmark” scheme here is clearly out of step with Congress’ mandate under Section 276 for the

⁶ *Id.* at 5-7.

⁷ *See e.g.* Comments of New Jersey Payphone Association, CC Docket No. 92-77 (filed July 17, 1996) at 7.

⁸ *Id.*

⁹ *See* Comments of the Inmate Coalition, CC Docket No. 92-77 (filed July 16, 1996) at 6-13.

Commission to provide "fair" compensation for each and every completed intrastate and interstate call.

Conclusion

In its efforts to ensure that OSPs do not charge excessive rates for operator services, the Commission may wish to give PSPs and OSPs time to adjust to the new regulatory regime developed in the Payphone Compensation proceeding, and allow for this new regime to work, prior to imposing the rate benchmarks proposed in this proceeding. To the extent rate benchmarks are established, it is unnecessary for the Commission to impose universal mandatory price disclosure requirements upon providers charging below-benchmark rates.

Respectively submitted,
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November 13, 1996

CERTIFICATE OF SERVICE

I Andrea Rainey hereby certify that I have this 13th day of November, 1996 caused copies of the foregoing "Comments of Peoples Telephone Company, Inc." to be served by hand on the following:

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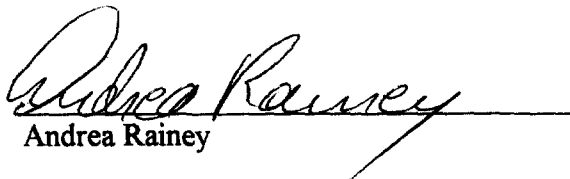



Andrea Rainey

EXHIBIT A

PTC		
For Dialing Instructions See Below		
Local Calls Limited to 15 minutes	No change is provided	OPERATOR ASSISTED CALLS ARE HANDLED BY: AT&T AT&T MARKET MANAGEMENT RM 3157B1 295 NORTH MAPLE AVE. • BASKING RIDGE, NEW JERSEY 07920 DIAL 00 FOR RATE INFORMATION PLACEMENT OF LOCAL CALLS BY USE OF 10XXX, CALLING CARD, OR OPERATOR HANDLED SERVICES MAY COST MORE THAN DIRECTLY DIALING THE LOCAL NUMBER
For Service/Refunds Dial 211 or 1-800-865-6766		
THIS PHONE IS NOT THE PROPERTY OF THE LOCAL EXCHANGE CO		
Instrucciones para marcar, ver abajo	No se provee cambio	
Llamadas Locales 15 minutos limite		
Para Servicio/Reembolso Marque 211 o 1-800-865-6766		
ESTE TELEFONO NO ES PROPIEDAD DE LA COMPANIA LOCAL		
This location is:		
Esta dirección es:		

CA-2

PTC		
TPSC CERTIFICATE # 36463		
No change is provided		
For Service/Refunds Dial 211 or 1-800-865-6766		
THIS PHONE IS NOT THE PROPERTY OF THE LOCAL EXCHANGE CO.		
No se provee cambio		
Para Servicio/Reembolso Dial 211 or 1-800-865-6766		
ESTE TELEFONO NO ES PROPIEDAD DE LA COMPANIA LOCAL		
This location is:		
Esta dirección es:		

Live and Automated Operator Assisted Calls are handled by:	
AT&T AT&T MARKET MGT. RM 5157B1 295 NORTH MAPLE AVE. BASKING RIDGE, NEW JERSEY 07920	ANNEX 100 W. LUCERNE CIRCLE ORLANDO, FL 32801
Dial 0 + Number For Rate Information	

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